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World Production and Trade

United States
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Foreign
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Service

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Weekly
Roundup

WR 19-84
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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

Trade sources report that JAPANESE importers have purchased 100,000 tons of Chinese corn, the first major purchase of Chinese corn in recent years. While feedstuffs are in short supply in southern China, there apparently is a surplus of corn in northern China. China has been a net importer of corn in recent years and has not exported any corn since 1977. Chinese internal grain transportation and handling limitations make importing corn more attractive than redistributing domestic supplies. While the c.i.f. price of the Chinese corn is slightly higher than U.S. corn, traders report that the quality was better than U.S. corn. The purchase could displace corn that might otherwise have been imported from the United States.

OILSEEDS AND PRODUCTS

Trade sources in BRAZIL have confirmed the sale of 280,000 tons of soybeans to Mexico for delivery through September, with 20,000 tons to be shipped in May and 65,000 tons in each of the following four months. The sale was made under a clearing arrangement whereby Brazil will receive Mexican oil in return. The sale brings Mexico's purchases of soybeans to 1.28 million tons in the current marketing year, of which approximately 940,000 tons are from the United States. In addition, on May 3, Mexico bought 60,000 tons of soybeans from Argentina, its initial purchase of the current year.

HONG KONG has adopted a new maximum allowable level for erucic acid in food products. Erucic acid is found in high levels in the oil derived from older varieties of rapeseed, such as are still widely grown in China. The vegetable oil industry in Hong Kong, which imported approximately 112,000 tons of oils in 1983, must now either increase imports of rapeseed oil from West Germany or Canada (instead of from China) or substitute other vegetable oils. This provides an opportune time to introduce and promote U.S. soybean oil in the Hong Kong market.

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DAIRY, LIVESTOCK AND POULTRY

BRAZILIAN beef production totaled 2.4 million tons in 1983, the same as in 1982 and 100,000 tons less than earlier projections, according to the U.S. agricultural counselor in Brasilia. Reduced slaughter indicates producers have started to rebuild their herds in response to stronger prices. Beef production for 1984 is expected to remain at the 1983 level. Cattle inventories at the end of 1984 are forecast to be up 500,000 head, about 5 percent.

JAPAN's 1983 milk production reached 7.04 million tons, 4.2 percent above 1982, according to the U.S. agricultural counselor in Tokyo. With cow numbers up only 1 percent, the increase primarily resulted from improvement in productivity per cow. During 1984, milk output is expected to expand another 3 percent as per cow productivity continues to advance.

The 1983 milk production increase was not matched by significantly larger consumption, and as a result, production of butter and nonfat dry milk (NDM) each expanded by more than 15 percent. Increased production of butter and NDM is expected again in 1984.

COTTON AND FIBERS

In the UNITED STATES, cotton exports continue to climb, reaching 947,000 bales in March, the highest monthly level in about four years. Cumulative cotton exports during the first eight months of the marketing year totaled 4.5 million bales, valued at \$1.6 billion. Total 1983/84 season exports are forecast at 6.9 million bales, 33 percent above last season. Japan and South Korea are the leading markets for U.S. cotton.

TOBACCO

KOREA's leaf tobacco exports in 1983 were 32,643 tons, up 4 percent from the 1982 level. The increase was largely due to a substantial increase in burley sales. Burley exports were 15,339 tons in 1983, compared with 12,005 tons in 1982. Burley's share of total leaf exports has increased considerably in recent years as quality has improved faster relative to flue-cured. The United States took 44 percent of Korean burley exports in 1983.

Flue-cured tobacco exports were 17,304 tons in 1983, down 11 percent from the 1982 level. The drought-affected 1982 crop and increased competition in major markets accounted for the decline. The United Kingdom, West Germany, Italy and the Netherlands accounted for 69 percent of total exports.

No imports of burley or flue-cured tobacco were made during 1983. The Office of Monopoly continues its efforts to reduce import requirements by substituting domestic leaf.

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TURKEY has announced a 50-percent production tax on cigarette imports, effective April 20. This is in addition to the 25-percent import duty. This revision is the third change in foreign cigarette production tax since December 29, 1983.

SUGAR AND SWEETENERS

WORLD centrifugal sugar production in 1984/85 is forecast at 99.8 million tons (raw basis), 5 percent above the current 1983/84 estimate of 94.7 million, but 1 percent below the revised 1982/83 estimate of 101.1 million. Poor growing conditions in several major countries reduced sugar production in 1983/84. World production in 1984/85 is forecast at 63 million tons of sugar from cane coming from a slightly larger area and 37 million tons of sugar from beets coming from an unchanged area. Improved growing conditions are reported by most of the major sugar-producing countries.

Sugar production in the European Community, which accounts for 13 percent of the world total, is expected to increase by 13 percent from the 1983/84 level after two consecutive years of decline. The estimated 1.7 million hectares planted to beets in 1984 is 3 percent more than last year with every major producing country except Italy showing increased area.

In other West European countries, production is likely to remain unchanged from 1983/84 levels. Eastern European countries are likely to produce less sugar in 1984/85 because of an 8-percent decline expected in Poland. Although Poland's area is reported to be up slightly in 1984, production is unlikely to match last year's record high output because of reduced soil moisture conditions. Partially offsetting this are projected increases in 1984 beet sugar production in Yugoslavia and Hungary.

Soviet sugar output in 1984/85 may be near last year's unusually good outturn of 8.7 million tons. Moisture conditions earlier this year were good in the primary beet areas and planting progress was ahead of normal in late April. Last year, similar weather prevailed in the spring, followed by a drier than normal summer and a dry sunny fall, which resulted in the highest beet sugar production in four years.

Sugar production in Brazil, the world's largest producer in 1983/84, is forecast at 8.9 million tons, down 5 percent from the 9.4-million-ton record last year. While there is sufficient cane available to expand sugar production, the Brazilian Sugar and Alcohol Institute on April 30 called for a 500,000-ton drop in response to low world prices and the desire to avoid export subsidies.

Asia's six largest producing countries all expect increases in 1984/85. India, the largest producer in this region, is expected to produce about 9 million tons, up 21 percent from last year but 5 percent less than in the 1982/83 season. Output in 1983/84 was more than 2 million tons below the preceding year because of heavy carryover stocks, reduced cane yields and a lower recovery rate due to unfavorable weather in the major Indian cane producing states.

China, the second largest producer in Asia, is forecast to continue its upward trend in output. In 1984/85, production is forecast to be up by 5 percent from the 4 million tons produced a year earlier. The Philippines are expected to produce about 2.3 million tons in 1984/85, up 13 percent from the drought reduced crop of last season.

South African sugar production is also expected to rebound in 1984/85 to 2.1 million tons, 45 percent more than the drought-plagued crop of a year earlier, but 6 percent below the 1982/83 output.

Regional estimates are as follows in million tons:

Region	1983/84		1984/85	
	Beet	Cane	Beet	Cane
North America	2.50	5.75	2.7	5.9
South America	.28	14.16	.4	13.8
Central America	0	1.79	0	1.8
Caribbean	0	9.28	0	9.6
European Community	11.64	0	13.2	0
Other West Europe	2.16	.02	2.2	1/
East Europe	5.88	0	5.8	0
USSR	8.70	0	8.5 2/	0
North Africa	.41	1.08	.4	1.1
Other Africa	0	5.04	0	5.7
Middle East	2.03	.10	2.0	.1
Asia	1.76	18.56	1.6	21.2
Oceania	0	3.58	0	3.8
Total, by type	35.37	59.37	36.8	63.0
Total centrifugal sugar	94.74		99.8 3/	

1/ Less than 50,000 tons. 2/ Chances are 2 out of 3 that the outcome will be within 975,000 tons of this forecast. 3/ Chances are 2 out of 3 that the outcome will be within 7.5 million tons of this early season forecast.

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Selected International Prices

Item	:	May 8, 1984	:	Change from	:	A year
	:		:	previous week	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.10/		187.00	5.09	-10.50		204.00
U.S. No. 2 DNS/NS: 14%....		185.50	5.05	+2.50		189.50
U.S. No. 2 S.R.W.9/.....		150.50	4.10	0		163.00
U.S. No. 3 H.A.D.....		188.00	5.12	+1.75		205.00
Canadian No. 1 A: Durum...10/		195.00	5.31	-3.00		205.50
Feed grains:						
U.S. No. 3 Yellow Corn....		160.00	4.06	+2.50		150.00
Soybeans and meal:						
U.S. No. 2 Yellow.....		324.10	8.82	+13.10		248.75
Brazil 47/48% SoyaPellets		218.00	--	+2.00		217.00
U.S. 44% Soybean Meal.....		215.00	--	+3.00		216.00
U.S. FARM PRICES 3/						
Wheat.....		130.80	3.56	-.36		137.39
Barley.....		103.34	2.25	--		76.24
Corn.....		131.10	3.33	+2.76		119.29
Sorghum.....		107.58	4.88	+.66		110.67
Broilers 4/.....		1198.65	--	+20.50		1025.15
EC IMPORT LEVIES						
Wheat 5/.....		75.25	2.05	-.35		96.70
Barley.....		68.15	1.48	-.65		98.70
Corn.....		51.90	1.32	-2.10		75.90
Sorghum.....		77.35	1.96	-1.75		73.70
Broilers 4/ 6/ 8/.....		167.00	--	-1.00		308.00
EC INTERVENTION PRICES 7/						
Common wheat(feed quality)		180.35	4.91	-.40		187.10
Bread wheat (min. quality)7/		196.15	5.34	-.40		205.20
Barley and all						
other feed grains.....		180.35	4.92	-.40		187.10
Broilers 4/ 6/.....		1189.00	--	-4.00		1140.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.	--	--		58.65
Barley.....		41.90	.91	+.65		78.60
Broilers 4/ 6/ 8/.....		132.00	--	0		209.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects exchange rate change and not level set by EC. 9/ June-July shipment. 10/ July shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis May delivery.

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